

## Message Text

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PAGE 01 STATE 009263  
ORIGIN ARA-14

INFO OCT-01 EUR-12 ISO-00 EB-08 SIG-02 MMO-04 AGRE-00  
CEA-01 CIAE-00 COME-00 DODE-00 FRB-01 H-02 INR-07  
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-02 CTME-00  
AID-05 SS-15 STR-06 ITC-01 TRSE-00 USIA-15 PRS-01  
SP-02 SOE-02 OMB-01 DOE-11 AF-10 EA-12 NEA-10  
IO-14 /176 R

DRAFTED BY USOAS:NTSHAFT  
APPROVED BY USOAS:IGTRAGEN  
EB/ICD/TRP:DBURNS (DRAFT)  
ARA/ECP:WDBURSON (DRAFT)  
USOAS:MDION

-----003712 130632Z /14

R 122332Z JAN 78  
FM SECSTATE WASHDC  
TO ALL AMERICAN REPUBLIC DIPLOMATIC POSTS  
INFO AMEMBASSY LONDON  
XMT AMEMBASSY NASSAU

UNCLAS STATE 009263

E.O. 11652: N.A.

TAGS: OAS, ETRD, XA

SUBJECT: OAS SUGAR CONSULTATIONS

REF: STATE 005132

1. A SECOND OAS MEETING OF CONSULTATION ON U.S. SUGAR  
IMPORT MEASURES TOOK PLACE JANUARY 11. WHILE OTHER MEM-  
BERS HAD THE OPPORTUNITY TO SEEK INSTRUCTIONS SINCE THE  
JANUARY 6 MEETING (REFTEL), INTERVENTIONS WERE LARGELY  
REPETITIOUS OF THE EARLIER MEETING. THERE WAS GENERAL  
SUPPORT FOR THE PROPOSAL TO SET A SLIGHTLY HIGHER IMPORT  
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PAGE 02 STATE 009263

FEE ON REFINED OVER RAW SUGAR. THE DOMINICAN REPUBLIC  
AGAIN ASKED FOR COUNTRY-BY-COUNTRY QUOTAS, AGAIN RECEIVED  
NO SUPPORT FROM OTHER EXPORTERS, AND AGAIN GOT A DIS-  
COURAGING REPLY FROM THE U.S. PERU'S AMBASSADOR MARCHAND  
MADE THE LONGEST AND MOST POLEMICAL STATEMENT, EXPRESSING  
CONCERN THAT THE CASE OF SUGAR COULD PORTEND BROADER  
PROTECTIONIST MEASURES TO COME. BRAZIL'S STATEMENT EM-

PHASIZED THE IMPORTANCE OF THE INTERNATIONAL SUGAR AGREEMENT, ECHOING THE U.S. POSITION IN THIS REGARD.

2. SEVERAL DELEGATES RAISED AGAIN THE QUESTION OF U.S. ACTIONS PUSHING IMPORT PRICE EVEN HIGHER THAN THE DOMESTIC SUPPORT LEVEL OF 13.5 CENTS. THEY ALSO SUGGESTED SUSPEND-

ING A FIXED IMPORT FEE WHEN THE IMPORT PRICE REACHES TEN CENTS PER POUND, AS WOULD HAVE OCCURRED UNDER THE VARIABLE FEE SYSTEM. THE U.S. RESPONDED AGAIN THAT THIS WOULD INVOLVE THE SAME CUSTOMS VALUATION PROBLEM, THAT IS, OF DETERMINING WHEN THE PRICE REACHED TEN CENTS, THAT MADE THE VARIABLE FEE SYSTEM UNWORKABLE. BUT THE U.S. WILL REVIEW THE ENTIRE IMPORT PROGRAM WHEN THE INTERNATIONAL TRADE COMMISSION REPORTS TO THE PRESIDENT ON SUGAR, PROBABLY IN MARCH, AND IN THE INTERIM IT APPEARS UNLIKELY THAT THE WORLD PRICE WILL GET TO TEN CENTS.

3. JAMAICA'S AMBASSADOR RATTRAY MADE THE SPECIFIC PROPOSAL THAT WE OVERCOME THE CUSTOMS VALUATION DIFFICULTY BY ESTABLISHING A SERIES OF FIXED FEES TO BE APPLIED ACCORDING TO THE FIVE DAY AVERAGE OF THE ISA SUGAR PRICE (WHICH PRESENTLY AMOUNTS TO THE LONDON DAILY PRICE). THIS, HE SAID, WOULD RETAIN VARIABILITY AND WOULD NOT REQUIRE U.S. CUSTOMS TO ESTABLISH IMPORT VALUE.  
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PAGE 03 STATE 009263

JAMAICA IS ESPECIALLY CONCERNED ABOUT THE FEE IN THE NEAR FUTURE BECAUSE, ACCORDING TO HIM, JAMAICA'S SUGAR EXPORTS OCCUR EARLY IN THE YEAR. AT THIS STAGE IN THE U.S. DECISION MAKING PROCESS, SUCH A SCHEME IS MOST UNLIKELY BEFORE MARCH, BUT SOME FORM OF AUTOMATIC ADJUSTMENT COULD BE CONSIDERED IF A FEE IS CONTINUED BEYOND MARCH.

4. THE MEETING WAS RECESSED BUT NOT ADJOURNED SO THAT THE CHAIRMAN CAN RECONVENE IT AS APPROPRIATE. WE DO NOT ANTICIPATE ANOTHER SESSION UNTIL POSSIBLY IN MARCH WHEN THE ITC REPORT IS AVAILABLE. IF, HOWEVER, THE PRESIDENT'S IMMINENT DECISION IS UNFAVORABLE TO THE LATINS, THEY MAY CALL ANOTHER MEETING TO REGISTER THEIR COMPLAINTS. CHRISTOPHER

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** SUGAR  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 12 jan 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 jan 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**Document Unique ID:** 00  
**Drafter:** NTSHAFT  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
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**Message ID:** 3c43fce3-c288-dd11-92da-001cc4696bcc  
**Office:** ORIGIN ARA  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
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**Review Event:**  
**Review Exemptions:** n/a  
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**Status:** NATIVE  
**Subject:** OAS SUGAR CONSULTATIONS  
**TAGS:** ETRD, XA, OAS  
**To:** ALL POSTS  
**Type:** TE  
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**Review Markings:**  
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